

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1958-01
Bill No.: HB 580
Subject: Drugs and Controlled Substances; Health Care; Health Care Professionals;
Hospitals; Physicians
Type: Original
Date: March 19, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General	(\$336,036)	(\$359,766)	(\$367,747)
Total Estimated Net Effect on General Revenue Fund	(\$336,036)	(\$359,766)	(\$367,747)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Division of Professional Registration** state this proposal would not fiscally impact their agency.

Officials from the **Secretary of State Office (SOS)** state this proposal assigns the Department of Health and Senior Services administration with help from the Department of Economic Development, a drug repository program. The Department of Health and Senior Services is charged with creating rules to administer this program, as well as establish fees therefor. These rules would be published in both the *Missouri Register* and the *Code of State Regulations*. These rules could require as many as 48 pages in the *Code of State Regulations* and half again as many pages in the *Missouri Register* because cost statements, fiscal notes and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Register is \$23 and the estimated cost of a page in the Code is \$27. The actual cost could be more or less than the numbers given. The impact of the legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. The SOS estimates the cost for FY 04 to be \$2,952 [(48 pages x \$27) + (72 pages x \$23)].

Oversight assumes the SOS could absorb the costs of printing and distributing regulations

related to this proposal. If multiple bills pass which require the printing and distribution of ASSUMPTION (continued)

regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Health and Senior Services (DOH)** state that the Division of Health Standards and Licensing would be responsible for oversight and management of the new program, development and promulgation of regulations related to the program, determination and documentation of patients' eligibility for the program, inspection of participating dispensing sites and education of the public and potential participants.

The DOH estimates there would be a total of 2,150 potential participants in the Cancer Drug Repository Program. If one-fourth of these actually participate, then there will be 540 dispensing participants. Current investigations staff conducts 15 to 20 inspections per month per investigator in addition to ongoing investigations conducted. Assuming that each additional investigator conducted 20 inspections per month, 20 inspections per month per investigator times 12 months = 240 inspections per investigator per year.

The DOH would need two Investigator II's, one Investigator III, one Office Support Assistant (Keyboarding), one Senior Office Support Assistant (Keyboarding) and one Office Support Assistant.

The DOH assumes 2.9% of all cancer patients are uninsured and would be interested in enrolling in new Cancer Drug Repository Program.

Cancer Incidences in the State of Missouri

Year	Number
1996	29,168
1997	29,050
1998	28,151
1999	28,466
2000	27,614
Average	28,490

Assumptions:

100% of patients newly diagnosed with cancer would be treated with cancer drugs.

2.9% of these patients would have no insurance coverage

ASSUMPTION (continued)

20% of patients diagnosed with cancer in one year would require additional cancer drugs year after diagnosed.

2.9% of 28,490 = 826 patient newly diagnosed

20% of 826 = 165 patients would carry over from year before

Total of 991 (use 1000) patients would be interested in the program

With the size of the program, it would not be beneficial to contract out these functions:
 Enrollment and identification cards production at \$25 per patient. 1,000 patients x \$25 per patient = \$25,000.

Cost of educational outreach to public and potential dispensing sites: \$25,000.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE

Costs - Department of Health and Senior Services

Personal Service (6 FTE)	(\$151,946)	(\$186,894)	(\$191,566)
Fringe benefits	(\$61,493)	(\$75,636)	(\$77,527)
Expense and equipment	<u>(\$125,597)</u>	<u>(\$97,236)</u>	<u>(\$98,654)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$339,036)</u>	<u>(\$359,766)</u>	<u>(\$367,747)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

CAM:LR:OD (12/02)

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal establishes the Cancer Drug Repository Program in the Department of Health and Senior Services. The program must be established by January 1, 2004.

In its main provisions, the bill:

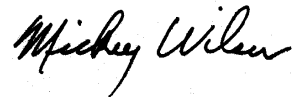
- (1) Requires the program to accept and dispense donated cancer drugs to Missouri residents who meet eligibility criteria;
- (2) Establishes criteria for the acceptance of drugs used in the program;
- (3) Contains various definitions relating to the program, including definitions for "nonprofit clinic," "cancer drug," and "prescription drug";
- (4) Specifies which persons can donate cancer drugs to the program. The proposal specifies the facilities where the drugs will be collected;
- (5) Allows voluntary participation of pharmacies, hospitals, and nonprofit clinics in the program;
- (6) Requires that a participating pharmacy, hospital, or nonprofit clinic dispense the donated cancer drugs to eligible Missouri residents. The bill requires the participating entities to store and dispense all cancer drugs in compliance with applicable federal and state drug laws;
- (7) Allows a participating entity to charge a fee to persons who receive the donated cancer drugs. The resale of donated cancer drugs are prohibited;
- (8) Contains a provision prohibiting persons or entities who do not violate provisions of the proposal and who act in good faith from being subject to criminal or civil liability;
- (9) Requires the Director of the Department of Health and Senior Services, in consultation with the State Board of Pharmacy, to adopt rules to implement the program; and
- (10) Contains the subject areas and procedures that the rules are required to address and implement.

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This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Economic Development -
Division of Professional Registration
Secretary of State

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

MICKEY WILSON, CPA
DIRECTOR
MARCH 19, 2003